WHAT IS CLAIMED IS:

1.   A method for modeling collections for collateral based distressed loans in volatile markets wherein future monthly cash inflows are predicted, said method comprising the steps of:

categorizing loans based on prior month's payments;

categorizing loans based on delinquency;

comparing payments to contractual obligations and projections; and

incorporating management feedback into expectations of future performance.

2.   A method in accordance with Claim 1 wherein said step of categorizing loans based on prior month's payments further comprising the steps of:

separating out uncollectable loans; and

dividing collectable loans by recent payment performance into categories of multiple payments, one payment, and no payments.

3.   A method in accordance with Claim 1 wherein said step of categorizing loans based on delinquency further comprising the steps of

determining delinquency for each account; and

categorizing accounts by contractual delinquency.

4.   A method in accordance with Claim 3 wherein said step of determining delinquency further comprises the step of calculating the number days delinquent based on contractual terms.

5.   A method in accordance with Claim 3 wherein said step of determining delinquency further comprises the step of calculating the number days delinquent based on date loan was acquired.

6.   A method in accordance with Claim 1 wherein said step of comparing payments to contractual obligations and projections further comprises the steps of:

determining contractual obligations for each category of delinquency;

determining the amortization rate on contractual obligations for each category of delinquency;

analyzing prior month's performance on an account by account basis and grouping accounts;

comparing payment to contractual obligation and to projected amount grouped by category of delinquency; and

comparing recent performance to prior performance.

7.   A method in accordance with Claim 6 wherein said step of comparing recent performance to prior performance further comprises the step of placing a greater weight on recent performance.

8.   A method in accordance with Claim 7 wherein said step of incorporating management feedback into expectations of future performance further comprises the steps of:

reporting changes in performance to management;

making changes to collection strategies based on management feedback; and

applying changes in collection strategies to expectations of future performance.

9.   A method in accordance with Claim 8 further comprising the step of modeling collection assumptions to predict future cash flow.

10.   A method in accordance with Claim 1 wherein said step of categorizing loans based on delinquency further comprises the step of providing a separate category for each of zero months through eighteen months delinquent.

11.   A system for modeling collections of collateral based distressed loans in volatile markets and predicting future monthly cash inflows, said system comprising:

a computer configured to categorize loans based on prior month's payments, categorize loans based on delinquency, compare payments to contractual obligations and projections and incorporate management feedback into expectations of future performance.

12.   A system in accordance with Claim 11 further configured to:

separate out uncollectable loans; and

divide collectable loans by recent payment performance into categories of multiple payments, one payment, and no payments.

13.   A system in accordance with Claim 11 further configured to:

determine delinquency for each account; and

categorize accounts by contractual delinquency.

14.   A system in accordance with Claim 13 further configured to calculate the number days delinquent based on contractual terms.

15.   A system in accordance with Claim 13 further configured to calculate the number days delinquent based on a date the loan was acquired.

16.   A system in accordance with Claim 11 further configured to:

determine contractual obligations for each category of delinquency;

5   determine the amortization rate on contractual obligations for each category of delinquency;

analyze prior month's performance on an account by account basis and group accounts;

compare payment to contractual obligation and to projected amount

10   grouped by category of delinquency; and

compare recent performance to prior performance.

17.   A system in accordance with Claim 16 further configured to compare recent performance to prior performance by placing a greater weight on recent performance.

15   18.   A system in accordance with Claim 17 further configured to:

report changes in loan performance;

make changes to collection strategies based on feedback; and

apply changes in collection strategies to account for expectations of future performance.

20   19.   A system in accordance with Claim 18 further configured to predict future cash flow.

15

20. A system in accordance with Claim 11 further configured to provide a separate category for each of zero months through eighteen months of loan delinquency.

21. A system in accordance with Claim 11 wherein said computer
5   further configured as a server, said system further comprising:

at least one computer; and

a network connecting said server to said at least one computer.

22. A system according to Claim 21 wherein said network is at least one of a WAN or a LAN.